



CITIZEN'S GUIDE TO THE CITY'S FINANCES
CITY OF GRAND RAPIDS, MICHIGAN
YEAR ENDED JUNE 30, 2013



300 Monroe Avenue, NW/Grand Rapids, Michigan 49503/www.grcity.us/616.456.3000

Introduction

- Governments are relied upon to provide many essential services to their constituents. This requires a careful balance between providing the proper amount of service, while still living within the financial constraints of available resources.
- Transparency in government is critical to achieve the above objective. The detailed annual financial reporting, in the form of a Fiscal Plan (budget) and a Comprehensive Annual Financial Report (CAFR), while providing the required information to meet Governmental Accounting Standards, may not always be very understandable to the average user.
- To ensure the citizens of Grand Rapids are fully informed about their government operations, the City is pleased to provide this annual Citizens' Guide and Popular Annual Financial Report (PAFR). The numbers presented in the PAFR vary slightly from the CAFR, in that they are pulled from the annual F-65 report required by the State of Michigan. The F-65 report is submitted by each governmental agency in Michigan to provide a uniform reporting structure.
- We hope the users of this report find it helpful and the City welcomes feedback on the presentation format and content.

What's Inside

- General Fund
- Governmental Funds
- Enterprise Funds
- City Debt
- City Obligations
- City Leadership



Sara VanderWerff
City Comptroller

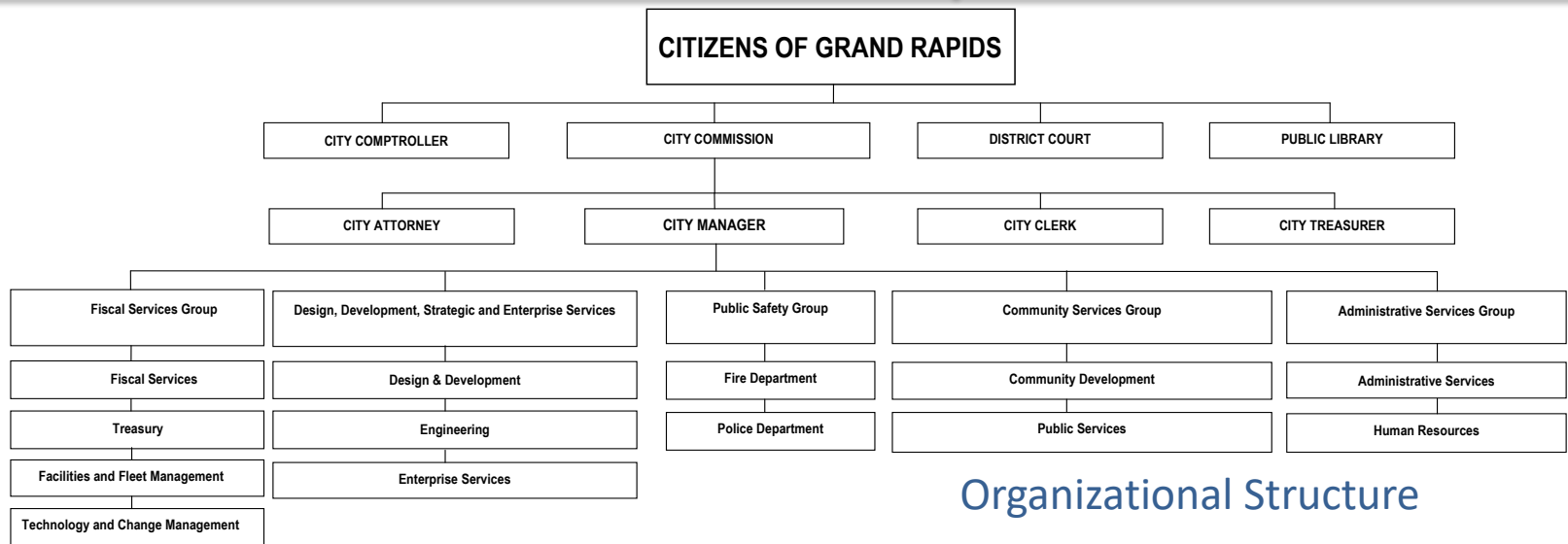


Scott Buhrer
Chief Financial Officer

- Form of Government: Commission – Manager
- 2013 Population: 190,426
- Land Area: 44.4 square miles
- Unemployment rate: 7.5%
- Bachelor's degree or higher: 28.2%
- Median Household Income: \$39,070
- City Budget: \$287 million
- City Property Tax Mills: 8.1716
- Revenue from all taxes: \$109.5 million
- Revenue from all charges for services: \$139.9 million
- General Fund expenditures: \$101.7 million
- General Fund subsidies to other funds: \$14.2 million
- Police & Fire expenditures: \$71.0 million
- Bonded debt: \$552.2 million
- Unfunded liabilities: \$285 million

The City's Mission

The City of Grand Rapids believes in the dignity and worth of all people and in the right of every citizen to have equitable access to the benefits of urban life. We believe in the rights of all citizens to express their views and the responsibility of the City government to respond to those views. As government representatives, we will help shape the future to assure that the City will continue to be a place where the benefits of urban life can be enjoyed.



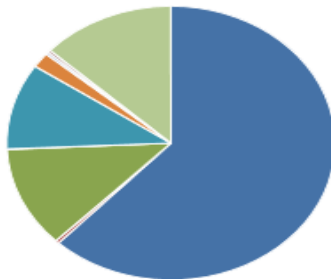
Organizational Structure

City Financials / General Fund

The general fund keeps track of revenues and expenditures for general government services, such as police and fire, human resources, finance, and other city management departments. As a result of the financial crisis of 2007, the City initiated an aggressive transformational plan to reduce operating expenditures and increase revenues to balance the budget. General fund operating expenses are marginally up from a low of \$98.1 million in FY2011 and down from a high of \$115.6 million in FY2008. The graphs depict general fund operational summaries as well as a historical look at fund balance (before restrictions) (Excluding transfers).

Where Our Money Comes From

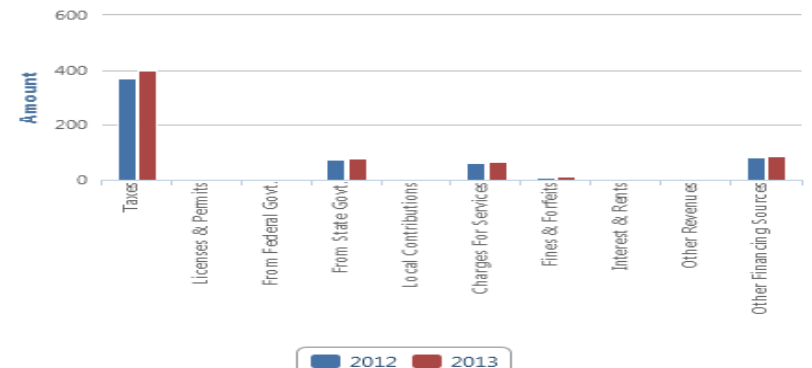
General Fund



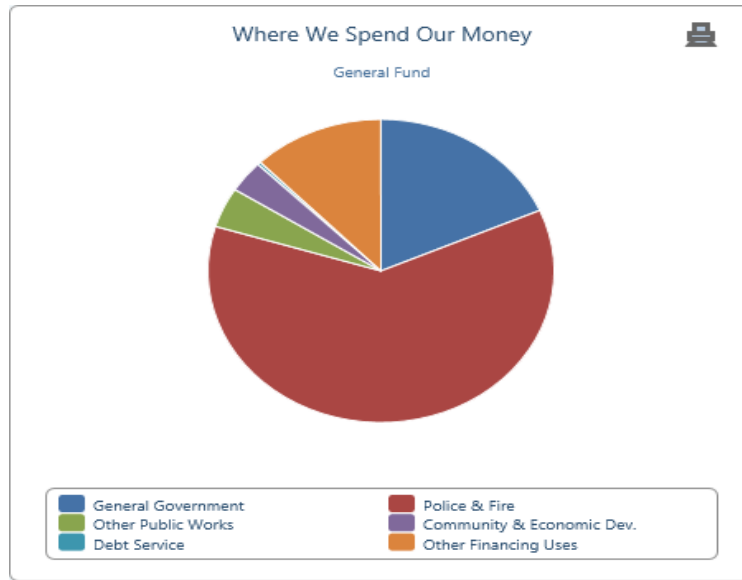
Revenues	2012	2013	% Change
Taxes	\$70,141,616	\$75,846,676	8.13%
Licenses & Permits	\$489,182	\$455,221	-6.94%
From Federal Govt.	\$50,604	\$0	-100.00%
From State Govt.	\$14,085,722	\$14,563,177	3.39%
Local Contributions	\$69,082	\$54,953	-20.45%
Charges For Services	\$11,347,138	\$12,409,444	9.36%
Fines And Forfeitures	\$1,946,122	\$2,192,690	12.67%
Interest & Rent	\$573,069	\$332,402	-42.00%
Other Revenues	\$277,274	\$354,950	28.01%
Total Revenues	\$98,979,809	\$106,209,513	7.30%

Revenues Per Capita (vs. Prior Year)

General Fund



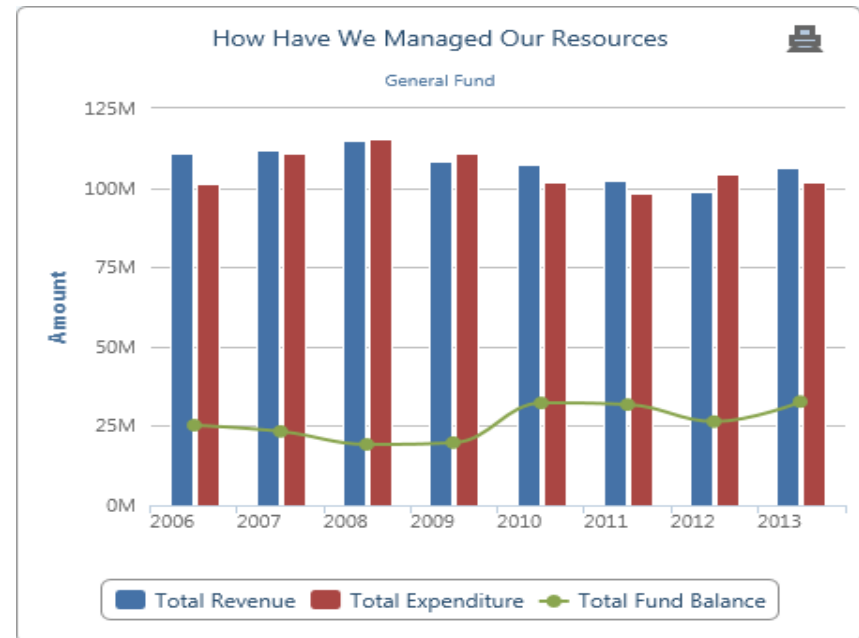
City Financials / General Fund



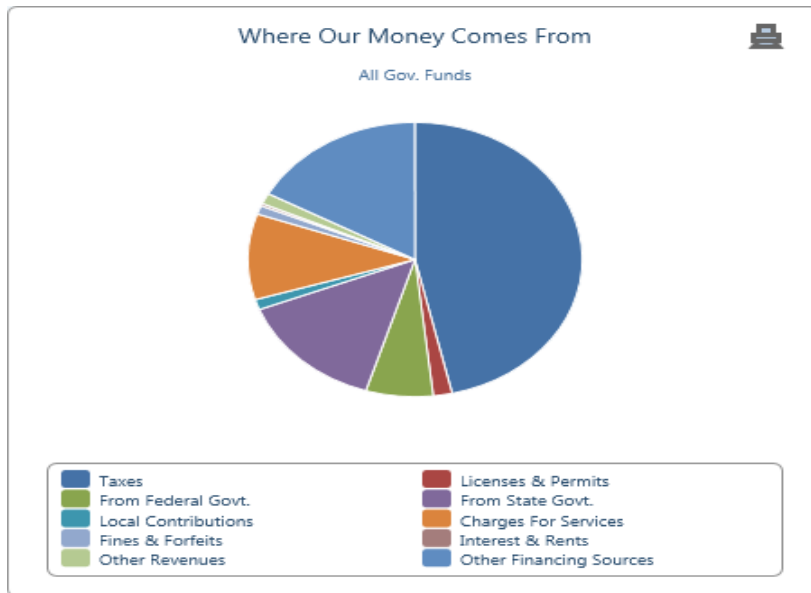
Expenditures	2012	2013	% Change
General Government	\$23,842,467	\$21,423,452	-10.15%
Police & Fire	\$71,193,879	\$71,048,979	-0.20%
Other Public Works	\$5,525,318	\$4,956,089	-10.30%
Community & Economic Dev.	\$3,545,636	\$3,945,013	11.26%
Debt Service	\$433,894	\$344,341	-20.64%
Total Expenditures	\$104,541,194	\$101,717,874	-2.70%

General Fund	2012	2013	% Change
Revenue	\$98,979,809	\$106,209,513	7.30%
Expenditure	\$104,541,194	\$101,717,874	-2.70%
Surplus (shortfall)	(\$5,561,385)	4,491,639	180.76%
Fund Balance By Component			
Non-Spendable	\$10,323,093	\$9,085,247	-11.99%
Assigned	\$7,537,106	\$10,902,027	44.64%
Unassigned	\$8,499,517	\$12,677,755	49.16%
Total Fund Balance	\$26,359,716	\$32,665,029	23.92%

Note: Only the Unassigned Fund Balance is available to meet new commitments and objectives.



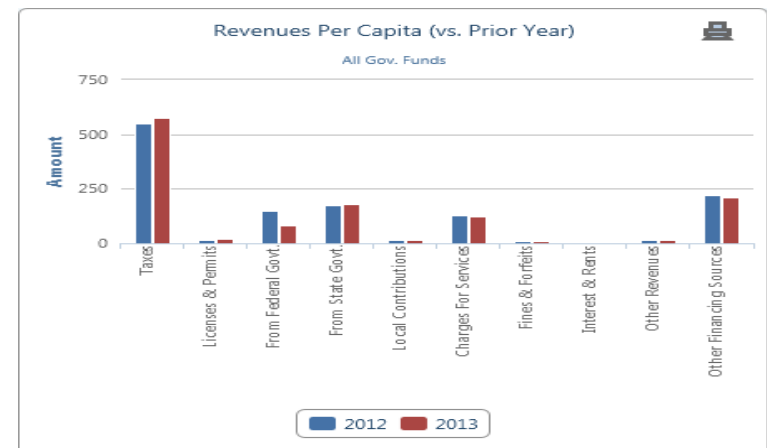
City Financials / Governmental Fund Revenues



Governmental Fund types reflect many of the City's basic services, including general fund operations, library, refuse, major & local streets, grants, capital funds as well as others.

In 2013, the City of Grand Rapids collected \$195.5 million from taxes, charges for services, intergovernmental revenues, and other revenue sources (excluding transfers) in governmental funds. This was a decrease of \$5.3 million over FY2012 mainly attributable to a decrease in federal grants. The graphs reflect the distribution of revenues in governmental funds and as you can see, taxes represent the greatest share.

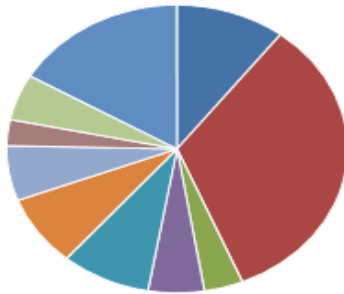
Revenues	2012	2013	% Change
Taxes	\$103,959,059	\$109,470,148	5.30%
Licenses & Permits	\$2,880,914	\$4,307,838	49.53%
From Federal Govt.	\$27,843,329	\$15,305,649	-45.03%
From State Govt.	\$33,026,829	\$33,723,065	2.11%
Local Contributions	\$3,242,129	\$2,860,602	-11.77%
Charges For Services	\$23,903,714	\$23,791,188	-0.47%
Fines And Forfeitures	\$2,170,700	\$2,430,610	10.73%
Interest & Rent	\$853,321	\$693,044	-18.78%
Other Revenues	\$2,968,324	\$2,992,757	0.82%
Total Revenues	\$200,848,319	\$195,547,901	-2.64%



City Financials / Governmental Fund Expenses

Where We Spend Our Money

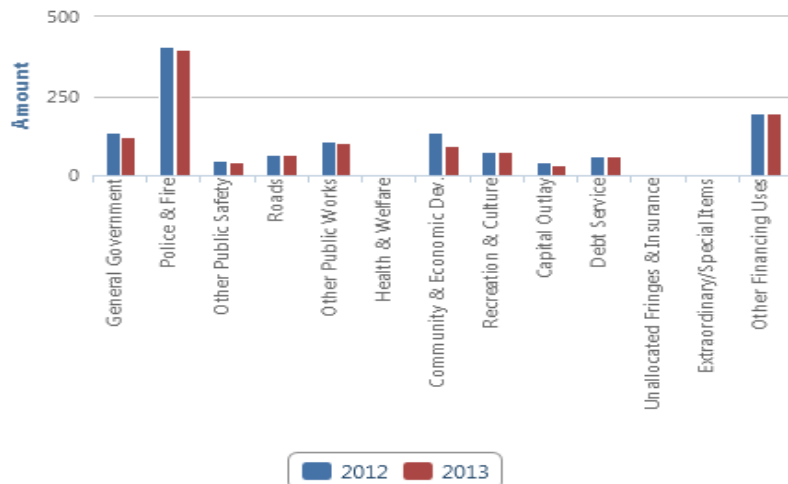
All Gov. Funds



In 2013, the City of Grand Rapids spent \$188.6 million in governmental fund type expenses (excluding transfers). This is a decrease of \$16.3 million from FY2012 mainly attributable to decreases in community & economic development and capital outlay.

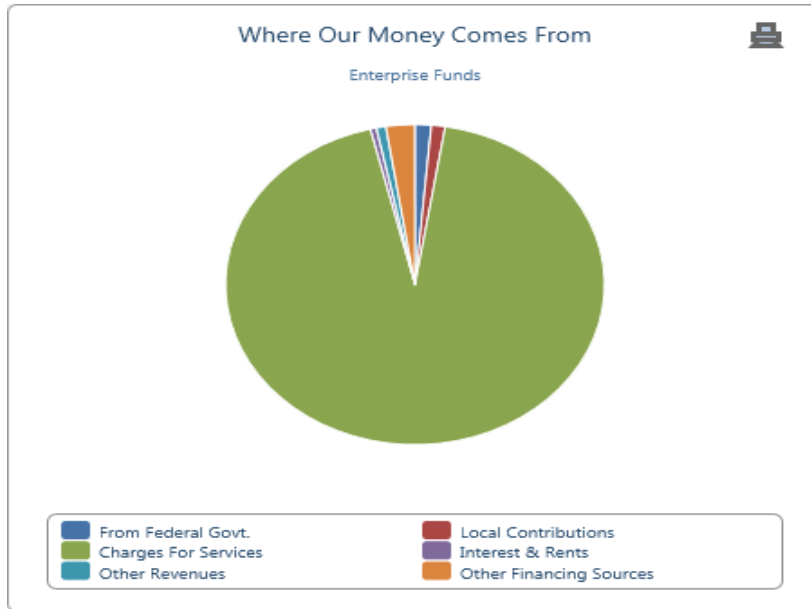
Spending Per Capita (vs. Prior Year)

All Gov. Funds



Expenditures	2012	2013	% Change
General Government	\$25,545,603	\$23,474,456	-8.11%
Police & Fire	\$77,085,673	\$75,381,783	-2.21%
Other Public Safety	\$8,804,640	\$8,351,298	-5.51%
Public Works	\$33,476,824	\$31,236,419	-6.69%
Community & Economic Dev	\$25,916,936	\$17,977,701	-30.63%
Recreation & Culture	\$14,574,914	\$13,940,573	-4.35%
Capital Outlay	\$8,296,242	\$6,603,218	-20.41%
Debt Service	\$11,908,517	\$11,686,287	-1.87%
Total Expenditures	\$205,609,349	\$188,651,735	-8.25%

City Financials / Enterprise Fund Revenues



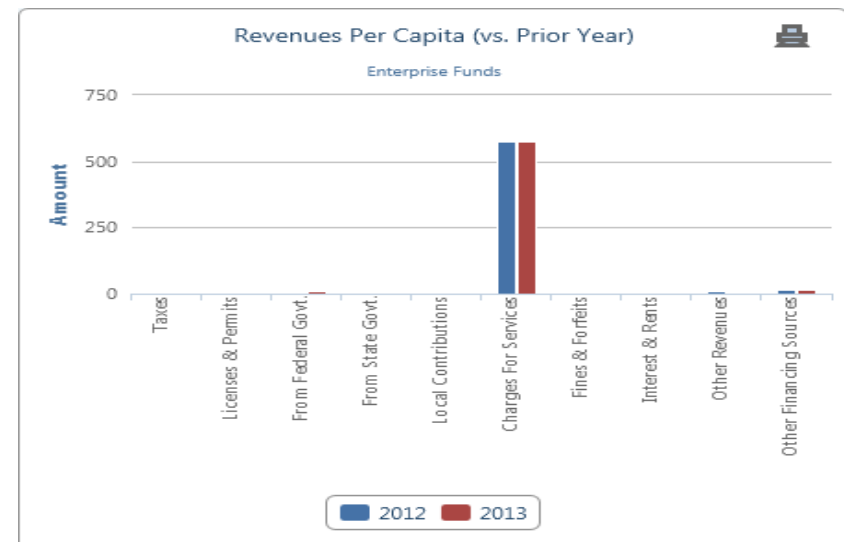
Revenues	2012	2013	% Change
From Federal Govt.	\$919,205	\$1,601,163	74.19%
Local Contributions	\$0	\$1,379,254	100.00%
Charges for Services	\$109,331,718	\$108,970,115	-0.33%
Interest & Rents	\$432,126	\$593,408	37.32%
Other Revenues	\$1,592,148	\$942,032	-40.83%
Total Revenues	\$112,275,197	\$113,485,972	1.08%

Enterprise Fund types are required by generally accepted accounting principles for any activity whose principle source of funding is from external revenue sources (i.e. user charges) and meet any of the following criteria:

- 1) Debt is backed solely by fees and charges
- 2) There is a legal requirement to recover full costs through fees or charges
- 3) There is a policy decision to recover full costs through fees or charges

The only way Enterprise funds can generate cash is through user fees or bond issuances. Due to this fact, the focus of Enterprise funds is on the flow of unrestricted cash.

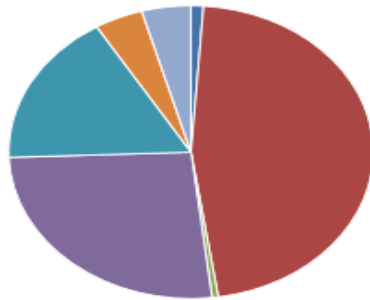
Enterprise funds in the City include water, sewage disposal, auto parking, cemetery operations, golf course and the Belknap Ice Arena. The graphs reflect total revenues for all Enterprise funds in the City.



City Financials / Enterprise Fund Expenses

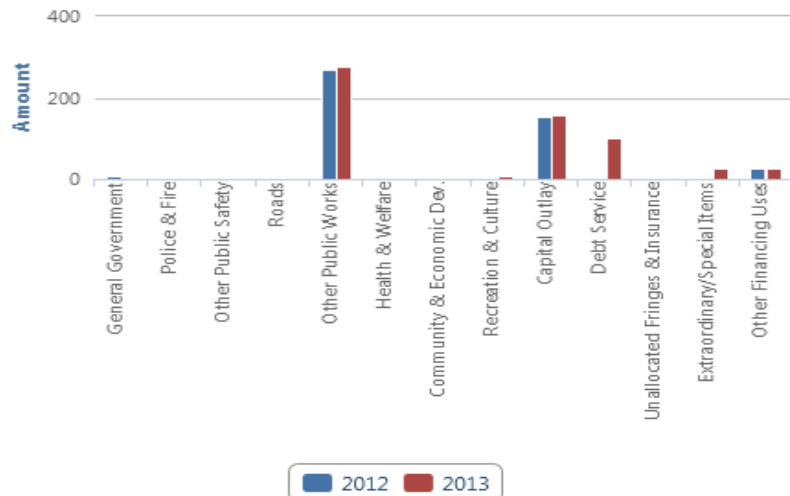
Where We Spend Our Money

Enterprise Funds



Spending Per Capita (vs. Prior Year)

Enterprise Funds



Operating expenses in the Enterprise Funds totaled \$97.97 million (excluding transfers) which was fairly consistent with prior year's expenditures. Department's have been focusing on obtaining a 10% reduction in operational expenditures to coincide with the City's transformational goals.

The cash positions of the water, sewage disposal and auto parking funds are strong. The City is looking at the operations of the cemetery fund and golf course fund to enhance their sustainability.

The Special Item is the result of a refunding of bonds currently in the Water System fund. (See CAFR Note 10 for more detailed information.)

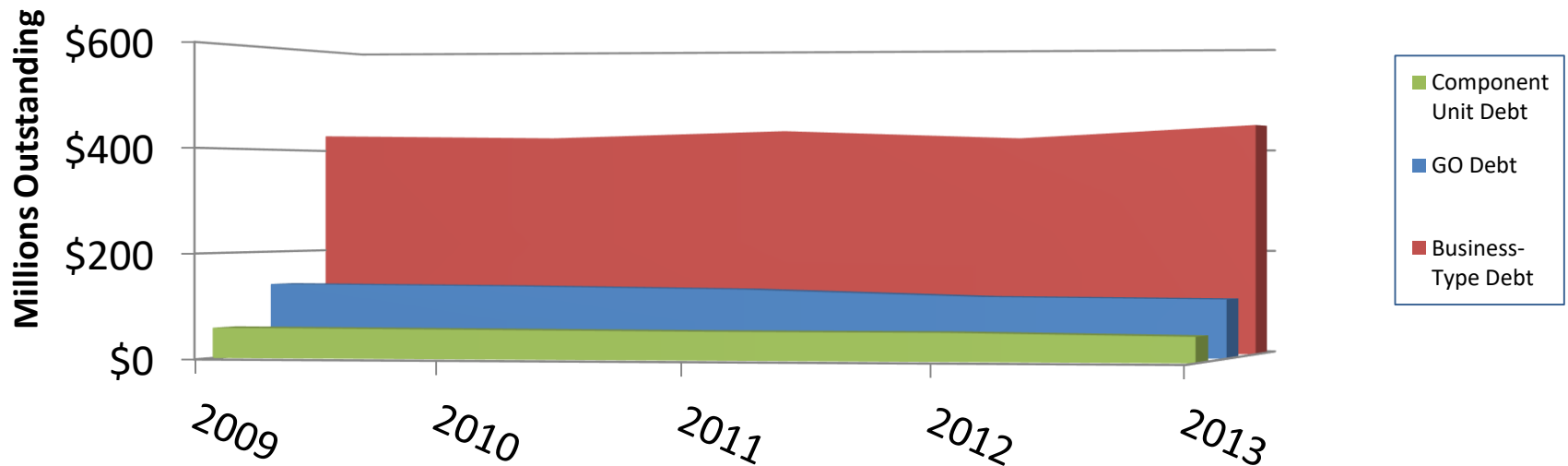
	2012	2013	% Change
General Government	\$1,593,081	\$1,236,646	-22.37%
Public Works	\$51,427,492	\$52,695,809	2.47%
Recreation & Culture	\$713,412	\$611,890	-14.23%
Capital Outlay	\$28,996,414	\$29,749,990	2.60%
Debt Service	\$19,790,217	\$19,166,556	-3.15%
Special Item	\$0	\$4,868,614	100.0%
Total Expenses	\$102,520,616	\$108,329,505	5.67%

City Financials / Debt

One of the unique funding streams available to local governments is the ability to issue tax-exempt bonds for the financing of capital projects and infrastructure improvements. Over time, the City has issued debt for water and sewer capital projects, development projects, transportation projects as well as for various other needs.

It is important to analyze and monitor the long-term debt of the City to ensure revenue streams are sufficient to meet principal and interest payments on the outstanding issues. Also, the City continually looks to refinance bonds whenever possible to achieve costs savings to the residents and rate payers in the City. The graphs reflect total outstanding debt by business unit.

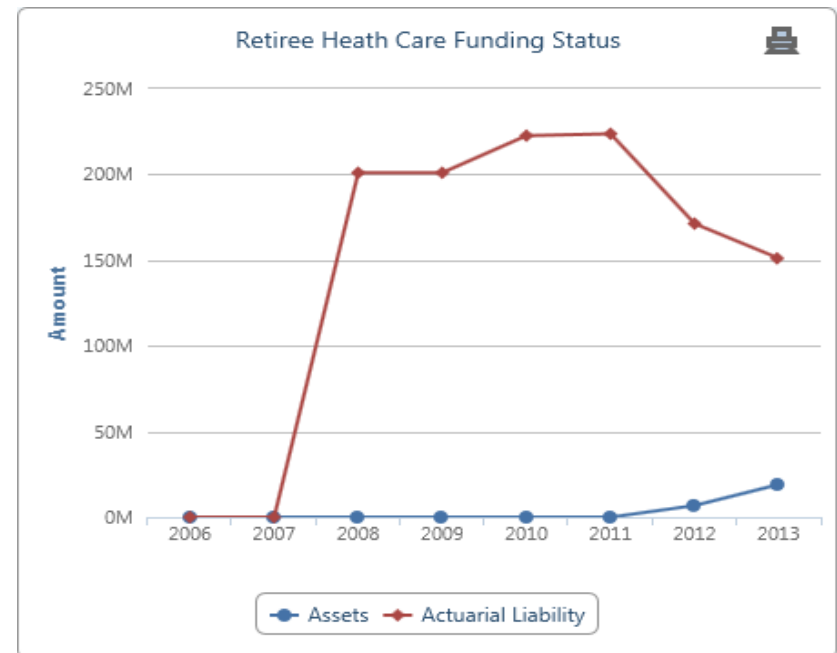
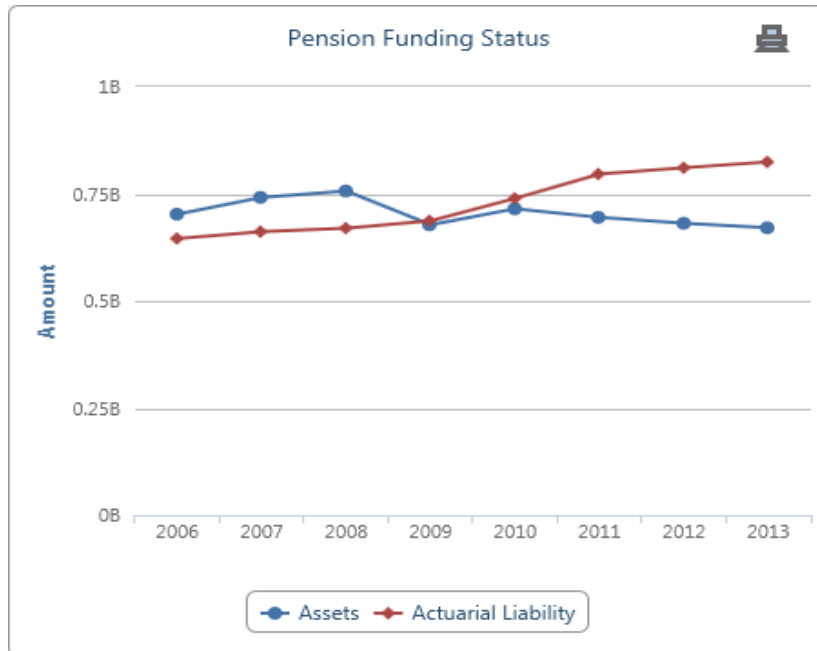
Note: The City is also committed to pay a portion of the financing of the Grand Valley Regional Biosolids Authority, which is operated by the cities of Grand Rapids and Wyoming. This debt is not included in the graph below. For more details, please see CAFR Note 10.



City Financials / Long-Term Obligations

Recently, there has been a lot of focus on the long-term “legacy” costs of public pensions and Other Post Employment Benefit (OPEB) plans and the resulting unfunded liabilities which are facing many public entities. The City is not immune to these liabilities, however it has taken many steps to curb the exposure in the future. The City has recently made modifications to both its pension and retiree health care plans and has implemented steps to fund the liabilities created by previous benefit plans.

Prior to 2007, municipalities were not required to disclose OPEB liabilities in their financial statements. New Governmental Accounting Standards made reporting mandatory. While the City has a long-way to go towards fully funding these legacy costs, much progress has been made. The General Retirement System has been closed to new participants. Without changes to pension multipliers and employee contributions, the actuarial liability would have been much larger. The graphs represent our current funding position.



Note: Retiree Health Care funding status not measured prior to 2007

George Heartwell
Mayor

Walt Gutowski
First Ward Commissioner

Dave Shaffer
First Ward Commissioner

Ruth Kelly
Second Ward Commissioner

Rosalynn Bliss
Second Ward Commissioner

Elias Lumpkins
Third Ward Commissioner

Senita Lenear
Third Ward Commissioner

Greg Sundstrom
City Manager

Al Mooney
City Treasurer

Darlene O'Neal
Acting City Clerk

Catherine Mish
City Attorney

For More Information

Visit the City on the web:
www.grcity.us

The City's website is your source for information about City policies, services, commission meetings and events 24 hours a day, seven days a week.

Residents can take advantage of our online services:

- Download agendas and meeting minutes
- Find parks and download reservation forms
- Download City financial reports
- Search the municipal code
- Report a problem or request a service
- Pay parking tickets and utility bills

Form of Government

The City of Grand Rapids operates a City Commission – City Manager form of government. Working as a consensus, the Mayor and City Commissioners are responsible for establishing city policy and providing direction to the City Manager. The City Commission appoints the City officials above.



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